Trade Marketing

Sales Training/Reference

Category Advisor

Partnership In Total Category Management

51856 0741

© R.J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Trade Marketing

Sales Training/Reference

Category Advisor

PARTNERS

Partnership In Total Category Management

© R.J. Reynolds Tobacco Company 1995

51856 0742

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Dedication

This sales initiative is dedicated to the memory of Jack Renehan. Jack's twenty years of dedicated service touched the lives of many people throughout the industry. His leadership and guidance of the Category Advisor Task Force helped develop this Category Advisor concept, which is an example of his many contributions to the company.

Notice

This document contains proprietary information which is the exclusive property of R. J. Reynolds Tobacco Company. All rights are reserved. No part of this document may be reproduced in any manner without the express written permission of R. J. Reynolds Tobacco Company.

© R. J. Reynolds Tobacco Company 1995

RJ Reynolds
Tobacco Company

R. J. Reynolds Tobacco Company
401 N. Main Street
Winston-Salem, N. C. 27102

51856 0743

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Your Responsibilities

This document is provided as a tool to assist you in applying the Category Advisor Process to your accounts. All information related to this process is confidential and the sole property of R. J. Reynolds Tobacco Company.

As a user of this document, it is your responsibility to safeguard the confidentiality of its data and support materials. Therefore, the following measures should be strictly adhered to at all times:

- Passwords for accessing systems should never be shared.
- A terminal/personal computer engaged in active access to the system should never be left unattended; prior to leaving the location of an active access device, you should first log off the application.
- No computer software or copies of computer software should be given to any outside personnel or account. All computer software packages are the sole property of R. J. Reynolds Tobacco Company.
- All system documentation, user manuals, and support materials should be stored in an appropriately secure location.

Your cooperation with these guidelines is appreciated.

51856 0744

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

51856 0745

Contents

1: Introduction to the Category Advisor 1

Introduction 1
Concepts 2
Category Advisor Objective 2
Tools to Use 2
Process Overview 3

2: Retail Accounts 5

Introduction 5
Concepts 5
Category Advisor Process for Retail Accounts 5
Process Overview 6
Detailed Instructions 7
Step 1 — Discovering Process 7
Step 2 — Analyzing Process 12
Step 3 — Planning Process 16
Step 4 — Executing Process 20
Step 5 — Evaluating Process 25

3: Wholesale Accounts 29

Introduction 29
Concepts 29
Category Advisor Process for Wholesale Accounts 29
Process Overview 30
Detailed Instructions 31
Step 1 — Discovering Process 31
Step 2 — Analyzing Process 36
Step 3 — Planning Process 39
Step 4 — Executing Process 43
Step 5 — Evaluating Process 47

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

4: Direct Chain Accounts 51

Introduction 51
Concepts 51
Category Advisor Process for Direct Chain Accounts 51
Process Overview 52
Detailed Instructions 53

Appendix A: Tools to Use 55

Appendix B: Discovery Questionnaire 61

51856 0746

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

1: Introduction to the Category Advisor

51856 0747

Introduction

Over the past several years, the consumer goods/package industry has changed. One change in the tobacco industry, in particular, is that of the customer's demands for more than just cigarettes and fixtures from the manufacturers. Instead, they want and expect more for their services, such as input on the trade and expertise in sales.

R. J. Reynolds Tobacco Company is answering this demand from the industry by restructuring Field Sales and other areas of R. J. Reynolds Tobacco Company in a way that allows sales personnel to concentrate on serving the customer and selling the company's products. By concentrating on consumers and their needs, the company is giving customers that input and expertise they want — this process is termed Category Management.

Category Management is a consumer-focused, information-based process of establishing strategies and making decisions on product mix, distribution, merchandising, and service in order to maximize consumer satisfaction and category profits. It is used to better serve customers and increase cigarette sales and revenue. However, the process does not apply to everyone. It is applied on the basis of RJR account priority.

The purpose of Category Management is to initially define the role of a Category Advisor for the trade and provide Field Sales with a comprehensive Category Advisor Process which opens communication between the manufacturer, wholesaler, and retailer. Such communication creates a three way partnership that works together to determine the best business practices.

Category Advisors are individuals who: (1) understand customer category objectives and (2) apply Category Management and the appropriate information resources to optimize customer satisfaction

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

and category profits. All activities that a Category Advisor recommends, plans, or executes should help increase RJR's profits by selling more cigarettes.

The Category Advisor's role is to maximize RJR's opportunity by impacting wholesalers', retailers', and smokers' behaviors.

Skills that the Category Advisors gain from practicing Category Management are how to:

- Establish a partnership (Category Partner) via coordinating efforts, information, and resources to accomplish a common objective by successfully meeting the demands of the retail customer.
- Leverage RJR's superior category information knowledge/resources to distinguish the company sales force as Category Experts.
- Understand customer objectives and make recommendations to change those objectives if they could be improved based on RJR's knowledge of the category.

RJR believes that Category Management is the future method by which the trade will manage products. By being the Category Advisor for wholesale and/or retail accounts, RJR is able to compete with other manufacturers in the areas of expertise, knowledge, and performance while keeping in line with RJR's Trade Marketing Vision and up-to-date with customers' technology.

The *Category Advisor Manual* explains the Category Advisor Process through graphic overviews and detailed steps.

Concepts

Category Advisor Objective

The Category Advisor's main objective is to use Category Management tools and expertise to:

- Professionalize RJR's key sales positions with Category Management tools/expertise to leverage a point of difference (versus competition) and be viewed as the Category Advisor.

Tools to Use

With the process, the Category Advisor will use different tools to "discover, analyze, plan, execute, and evaluate." Appendix A defines these tools and the point in the process at which the Category Advisor should use them.

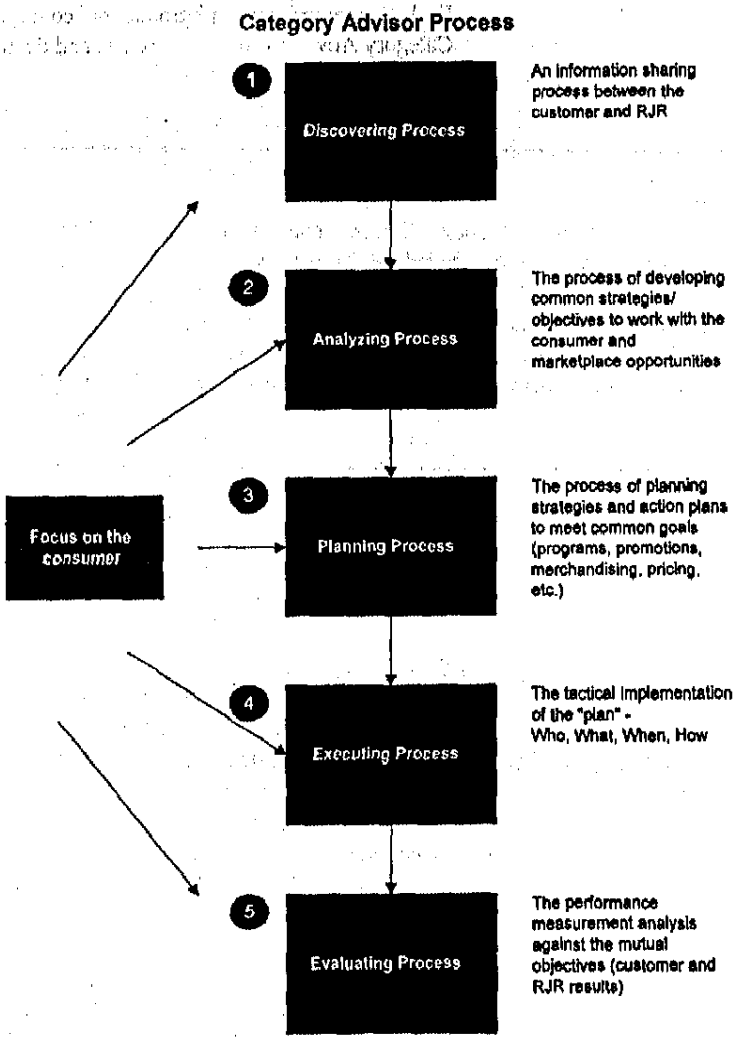
51856 0748

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Process Overview

The Category Advisor Process is made up of five main processes that break down into smaller steps. The following flowchart represents the main processes.



51856 0749

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Because the details of each step differ depending on if the account is retail or wholesale, each step is explained based on the account type being discussed. Therefore, Chapter 2 explains how the Category Advisor Process relates to retail accounts, Chapter 3 explains how the Category Advisor Process relates to wholesale accounts, and Chapter 4 explains how the Category Advisor Process relates to direct chain accounts.

Each chapter presents an introduction, concepts of the process, the Category Advisor Process overview, and detailed instructions.

51856 0750

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

2: Retail Accounts

Introduction

When working with retail accounts, RJR personnel use Category Management to: (1) show accounts the benefits of using RJR personnel as their Category Advisor and (2) increase profits for both the account and RJR. While the Category Advisor Process is an overall process, there are specific details in that process that pertain to retail accounts only. This chapter explains the process as a Category Advisor would apply it to a retail account.

Concepts

Category Advisor Process for Retail Accounts

The Category Advisor Process begins with the Category Advisor discovering information about the account and analyzing that information to determine better business practices to reach the account's objectives. Then, the Category Advisor recommends those practices. When the account accepts the recommendations, both parties develop and execute a business plan. After the plan is executed, the Category Advisor evaluates how well the business plan met the mutual objectives agreed upon. **The key point of the Category Advisor Process is to complete all of the steps and do a thorough job of creating a business partner rather than simply making a sale.**

51856 0751

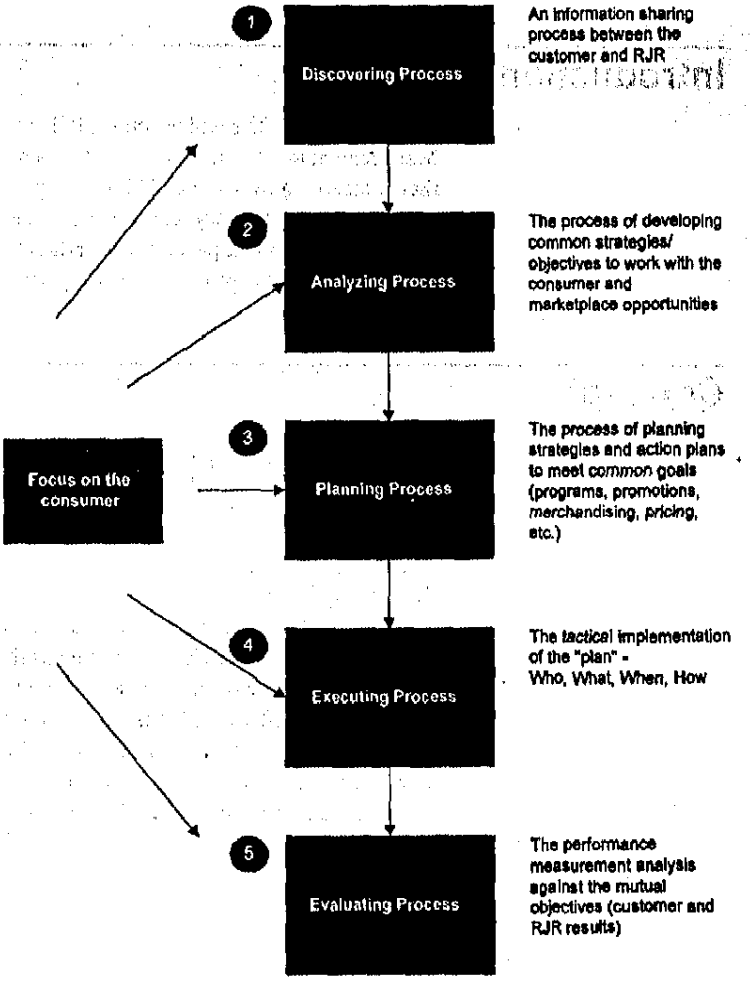
© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Process Overview

To become a Category Advisor for a retail account, managers use the same method, the Category Advisor Process, when meeting with any independent account, from one independent store to a large chain. This process is displayed below:

Category Advisor Process



51856 0752

© R. J. Reynolds Tobacco Company 1995

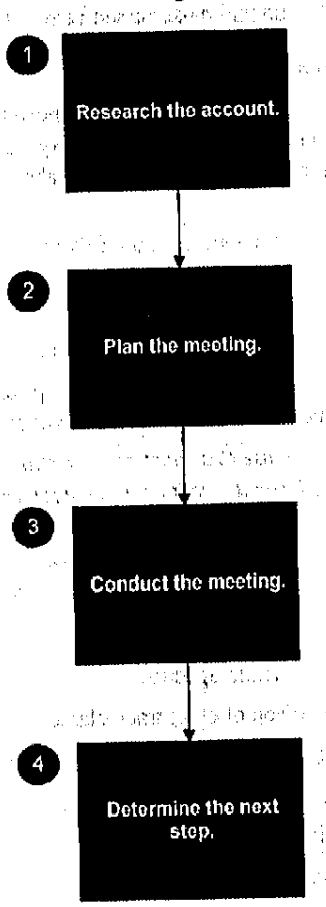
Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Detailed Instructions

Step 1 — Discovering Process

The Discovering Process is the first step of the Category Advisor Process. It is a mental, evaluative process applied by the Category Advisor as a way to mutually share resources with the account. This process helps the Category Advisor obtain specific business information about the account. The Category Advisor then uses this information to develop recommendations and establish common ground for a future business plan.

Discovering Process



51856 0753

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

1. Research the Account

Even before you begin planning the meeting, research the account by:

- Finding out information on the account's infrastructure, the type of brands offered, the volume of cigarettes moved, and any other information you can discover.
- Using SIS information, store surveys, and competitive store surveys (within the same market) as resources.
- Reviewing chain files to determine account contracts, pending information, and any chain profiles/key contacts.
- Working with RJR managers and/or sales reps to discuss business opportunities (what and why).

By doing this preliminary research, you are ready to complete the Discovery Questionnaire (discussed below) and plan the meeting.

2. Plan the Meeting

Before you meet with the account, you need to be aware of the type of questions you need to ask. The Discovery Questionnaire contains questions/information you should learn about the account (see Appendix B).

To prepare for the meeting, do the following:

- Review your preliminary data and refer to the Discovery Questionnaire to become familiar with the questions you need to ask. Complete the questions that you can answer.
- List the unanswered questions in the priority of what you "need to know" and what you would "like to know."

  Note: Do not use this sheet as a questionnaire for the account to complete; instead, use it as a guide for yourself. By doing so, you can conduct this meeting as an interview with a conversational tone.
- Prepare "Did you know" information for the account. This information might include category positioning:

  <u>National Trends</u>

  ⇒ Class of Trade Specific

  ⇒ Comparison of other trade classes

  <u>Marketplace Analysis</u>

  ⇒ Class of Trade

  ⇒ Specific chain comparisons

  ⇒ Pricing

51856 0754

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Also, be prepared to answer questions about RJR's business process, infrastructure, Total Category Partner, and Merchandising Partner (features and benefits). Remember, the goal is to share resources between RJR and the account.

Schedule a meeting with the appropriate personnel.

3. Conduct the Meeting

Conduct the meeting as an interview with a conversational tone.

Use the list of unanswered questions from the Discovery Questionnaire to ask the appropriate questions. When you ask the account about specific topics, points, or opinions, rank these in the order of importance to the account. This ranking will help you determine the account's main objectives.

Some of the questions/topics that you should cover are listed in the table on the following page.

51856 0755

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Overall Philosophy

What is your company's mission statement?

What is the Category Philosophy?

What do you see included in the overall category?

What is the category's role in the overall company mission?

Who is the decision maker?

Short Term/Long Term Objectives

How do the following fit into your objectives?

- Volume
- Profit
- Margins
- Retail Display Allowance (RDA)
- SKU Management/ Product Mix

Are you in growth, stable, or declining mode (number of outlets, volume trends, etc.)

What is your customer base/ profile?

Why do you carry cigarettes?

- Customer Convenience
- Profit Center
- Competitive Need

Who is the decision maker?

Category Evaluation

How do you measure category success or failure?

What benchmarks do you use to evaluate success or failure?

Merchandising Philosophy

Are you self service or non self service?

Is there any local legislation that affects this decision?

How do you determine your merchandisers? (limited vs. impact display presence)

Does the store have a "theme" that determines what displays you use?

Who is the decision maker?

Retail Operations/Influence

Display

Merchandising

Space Management

What are your current contracts?

Do you have a private label?

How do you feel about PLs?

Who is the decision maker?

Organization Structure

What is your decision process?

Is the decision maker in staff or a line manager?

Is the organization heavily centralized or decentralized?

Who is responsible for attaining goals?

- Subordinates
- Superiors
- Peers

How is the decision maker compensated?

Influences

- Outside/Inside company
- Security Department

Promotional Philosophy

Premiums

BSGSFs

Discounts

Value Added

Carton, Pack, or Multipack

Competition

Who are your major competitors?

Who are your competitors overall (same store type or COT) in the market?

What makes these groups or stores competition for you?

What strengths and weaknesses do you have that affect your competition?

Suppliers/Manufacturers

Who is your primary supplier?

Do you prefer a particular supplier or manufacturer?

Why?

Do you use any secondary suppliers? Who are they?

Why do you use them?

Communications

How does communication flow within your company?

How will you communicate with RJR?

How should RJR communicate with you?

51856 0756

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Emphasize that you are willing/capable to be the Category Advisor. Use the sell sheet to discuss the Category Advisor Process.

If necessary, evaluate how RJR's objectives and the account's objectives are related on a general level. Determine if common ground exists for mutual business growth. This action might include discussing information you gathered in Step 2:

- National Trends
- Marketplace analysis
- Consumer activities
- RJR business process

Note: Remember that this is not a selling opportunity. Make sure you complete the Category Advisor process.

4. Determine the Next Step

If RJR's objectives and the account's objectives relate, continue with the Analyzing Process. If the objectives do not relate, determine the level of Category Management that you should practice.

51856 0757

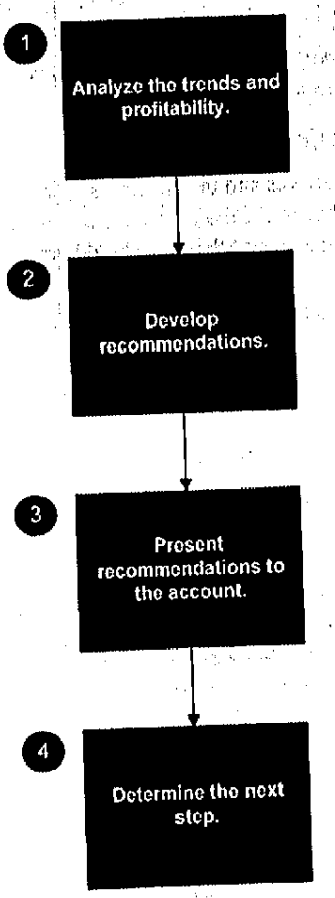
© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Step 2 — Analyzing Process

The Analyzing Process builds on the Discovering Process. The Category Advisor takes the information "discovered," analyzes that information, and formulates recommendations that will target mutual objectives for the account and RJR. In other words, it is the evaluation of the trends, profitability, and competition of the account and its general area.

Analyzing Process



51856 0758

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

1. Analyze the Trends and Profitability

To analyze the trends and profitability for the account, trading area competition, and national trends, do the following:

- Use the information that you discovered and its importance as related to the account's objectives to analyze the trends and profitability for the account, trading area competition, and national trends.
- Develop scenarios from objectives (best case and worst case).
- Analyze results of each scenario (RJR and account effects).

Also, make sure you have analyzed the applicable information by reviewing the topics listed in the table on the following page.

51856 0759

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Category Positioning/ Marketplace Analysis	**Account Specific Category Management**	**Initial Recommendations**
National Trends • Comparison to other Classes of Trade • Class of Trade - specific Local Trends Rank/Position in Class of Trade Specific chain comparisons Pricing **Account Specific Trends** Average Weekly Volume RJR/Industry Share of Market (SOM) by company SOM by price tier Price tier trends Brand specific trends (include up to four brands)	Sales/Profitability SKU Management • Inventory turns • Brand assortment • Brand mix • Private label Pricing • Price gap • Marketplace price levels Sales/Industry/RDAs • Market knowledge • Trade segment knowledge • Best practices Chain/account examples **Account Profitability** RDA Analysis • Current earnings by company - permanent and semipermanent/ temporary displays • Promotional support programs - dedicated funds (co-marketing/ PM flex) and non-dedicated (work plan, other) • Work plan support (all companies) Current profitability Proposed profitability	Support retailer objectives and/or common objectives Alter retailer objectives **Available RJR resources (coordinate/verify)** Contract budget Fixture budget Fixture availability Promotions availability Manpower availability **RJR Profitability** Acceptable (win-win) Break Even/Grow Toward Profit Unacceptable **Recommendations**

After you have analyzed this information, ask yourself the following questions:

- Are the account's objectives reasonable compared to the marketplace?

51856 0760

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

- Are the account's objectives compatible with RJR's needs?
- What scenario is best for RJR and the account?

*Note: If you answer **yes** to the first two questions, develop recommendations that present the best scenario for RJR and the account. If you answer **no** to the first two questions, work with the account and try to alter its objectives for negotiating purposes.*

2. Develop Recommendations

Based on the information you researched earlier and the analysis you conducted above, develop a recommendation that targets mutual objectives that benefit the account and RJR.

When determining merchandising/co-marketing contractual plans, you can use any of four ways to determine payments:

- Individual store
- Store groupings
- Chain averaging
- Dollar averaging

To make sure that the recommendations are viable, ask yourself the following questions:

- Are appropriate RJR resources available?
- Are recommendations profitable for RJR?

*Note: If you answer **no** to either of the above questions, alter your recommendations until you can answer yes.*

Before you present these recommendations to the account, confirm them with your appropriate RJR manager.

3. Present Recommendations to the Account

Once you have developed your recommendations, create the presentation you will give to the account.

4. Determine the Next Step

If the account agrees to the recommendations, continue with the joint Planning Process.

If the account does not agree to the recommendations, evaluate the recommendations, reconsider alternatives (cost, profit, etc.), make the necessary changes, and present them again. If the account agrees to these recommendations, continue with the Planning Process. If the account continues to disagree with the recommendations, determine the level of Category Management you should practice.

51856 0761

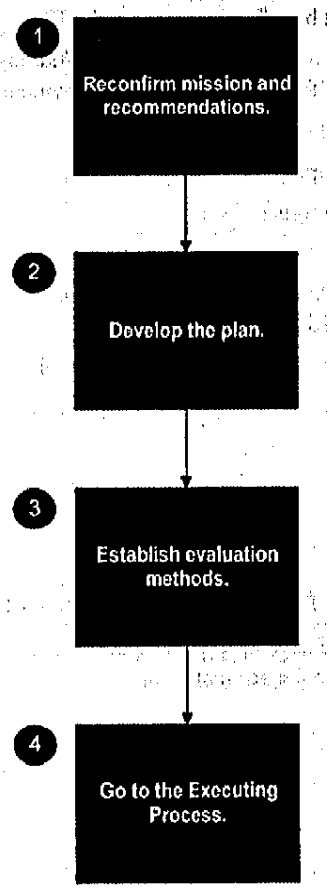
© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Step 3 — Planning Process

The Planning Process brings together the first and second processes. The Category Advisor and the account use the information "discovered" and the resulting "analysis" to develop an inclusive and efficient plan for executing the recommendations. All parties are integral parts to the developing process.

Planning Process



51856 0762

© R. J. Reynolds Tobacco Company 1995

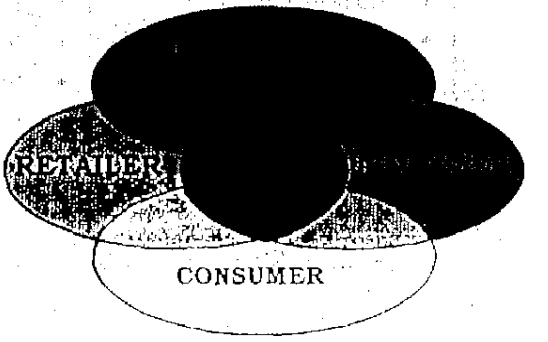
Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

1. Reconfirm Mission and Specific Recommendations

Discuss the agreed upon recommendations at the beginning of the planning meeting to verify the account's knowledge of the plan. Also, reinforce your mutual mission to sell more cigarettes to increase profits and to fulfill smokers' needs.

2. Develop the Plan

Together, develop actions, next steps, and the timetable for the plan. Ensure that all parties involved are in agreement. These parties include the distributor, retailer, manufacturer, and consumer. As the graphic below illustrates, all four parties should have an overlapping interest in the plan. It is this overlapping center that, as a Category Advisor, you are most interested in developing.



Also, list all agreed upon actions, needed resources, and next steps so that all involved understand their time and resource commitments.

Note: Remember, the actions of the Category Advisor are directed toward consumers; the retailer, distributor, and manufacturer are simply enablers to reach those consumers.

51856 0763

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Your plan will probably cover the majority of the following topics:

Specific Opportunities

Short term

Long term

Implementation Plan

Promotions

- Planning Calendar/RJR and Competition
- Full Price (FP) work plan
- Savings work plan
- Private label accrual
- Co-Marketing
- Price gap
- SME
- Direct marketing

Merchandising

- RJR and Competition
- FP displays and POS
- Savings displays and POS
- Private label display and POS
- Promotional platform
- Space management
- Price communication

Accuracy of RJR Store Listing

- Plans for new stores and/or stores closing
- Store resets

Next Steps

Responsibilities

RJR or account personnel

Involvement by all parties

Resource availability

System to measure progress/feedback

Communication process

Key Support Personnel

RJR

- RSM
- RBM
- ROM/ROU Coordinators
- KAM
- AM
- DM
- Home Office

Retail account

- Buyer
- Owner
- Merchandising
- Operations
- Supervisor(s)
- Store Managers
- Systems
- Finance
- Marketing
- Security

3. Establish Evaluation Methods

With the account, determine what type of measurement and feedback systems you will use to evaluate how well the plan meets your common objectives.

51856 0764

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Generally, there are two basic methods to evaluate performance:

1. Pre to Post
   - Good for measuring changes over time within the same account(s)
   - Good for looking at the account's business
   - Poor for Category Evaluation - no comparison to other accounts

   Example:

Pre	Post	Difference
10	20	+10

   Note: If using AIM/Delivery Data, use a minimum of 13 weeks' worth of data. Also, if the number of stores is different, use the average store volume.

2. Pre to Post (Test versus Control)
   - Measures True Net Differences between the test account and the control account that can be attributed to the condition that you are evaluating

   Test Panel — Stores that receive treatment or change

   Control Panel — Stores that do not receive treatment or change (they remain constant); this panel should be matched as close as possible to the test panel (i.e., COT/Volume/Geography/etc.)

   Note: If using AIM/Delivery Data, use a minimum of 13 weeks' worth of data. Also, if the number of stores is different, use the average store volume.

Make sure you set realistic benchmarks, ones that are clearly attainable. Again, during this step, you must ensure that all parties involved are in agreement.

4. Go to the Executing Process

Once all parties have been involved in the planning and have agreed to the final plan, go to the Executing Process.

51856 0765

© R. J. Reynolds Tobacco Company 1995

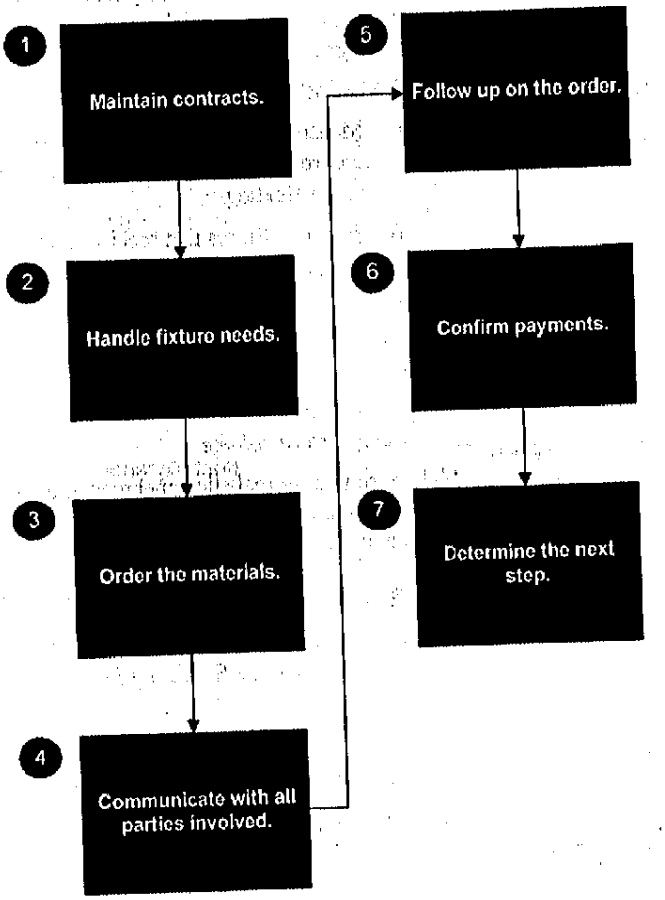
Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Step 4 — Executing Process

The Executing Process details how RJR and the account should carry out the plan that resulted from the previous processes. This process makes the recommendations a reality.

With retail accounts, there are numerous plans you could develop and execute. Here are two examples that detail plans you will usually deal with: a merchandising plan and a promotional plan. Both types are discussed below.

Executing Process for Merchandising Plan



51856 0766

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

1. Maintain Contracts

If the account agrees to new contracts, do the following:

1. Datagrab the store list sorted by volume.
2. Break the list by any of the following volume levels:
   - individual store
   - store groupings
   - chain averaging
   - dollar averaging
3. Match the Data Grabber list to the account's store list.
4. Add any missing stores (via the ROU).
5. Assign the appropriate contracts to the store.
6. Have the ROU update the contract via SIS.

If the account has a current contract, uphold the contract as it is stated.

2. Handle Fixture Needs

After you and the account have decided what new fixtures are needed, do the following:

1. Add the order date, install date, and fixture information (item, size, type, etc.) columns to the Data Grabber list.
2. Complete a special fixture request if needed.
3. Notify Sales Materials Logistics of orders over 35 stores.
4. Develop an installation plan.
5. Complete necessary plan-o-grams by fixture type, by store.
6. Roll up chain RDA payments by fixture type, by store.

3. Order the Materials

To ensure that the materials are ordered correctly and on time, do the following:

1. Sort the Data Grabber list by the order dates.
2. Complete all order forms.
3. Send the order to the Materials Coordinator at the ROU.

51856 0767

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

4. Communicate with All Parties Involved

- Communicating with the account
  1. Send the account a letter that includes the Data Grabber list (sorted by store number or specification(s) by the account), space management information, and RDA information.
  2. Request the account to send a letter to its personnel, with a copy to RJR personnel, outlining authorized changes and its commitment to the business plan.
- Communicating with the field
  3. Write a letter to the field that includes all contract and fixture details, as well as the Data Grabber list sorted by division numbers.
  4. Mail this letter to the ROUs and include a copy of the letter written by the account in step 2 above.
  5. Complete work order forms for the local ROU.
  6. Request that the Materials Coordinator schedule part-timers to install the fixtures.
- Communicating with the direct account
  7. Write the direct account a letter instructing when, where, and what they are to deliver to the retail account.

     If the direct account was not present at the Planning Process, include a copy of the retail account's letter that details authorized changes and commitment to the business plan.

5. Follow up on the Order

If you are notified with a problem, handle it promptly contacting the necessary personnel and whomever else is affected.

As soon as the merchandising aspect of the plan is implemented, check with the account to verify the plan's completion, and solve any problems with the ROU or with the account.

6. Confirm Payments

Verify all payments and other information on the pay register. Forward it to the ROU for processing.

7. Determine the Next Step

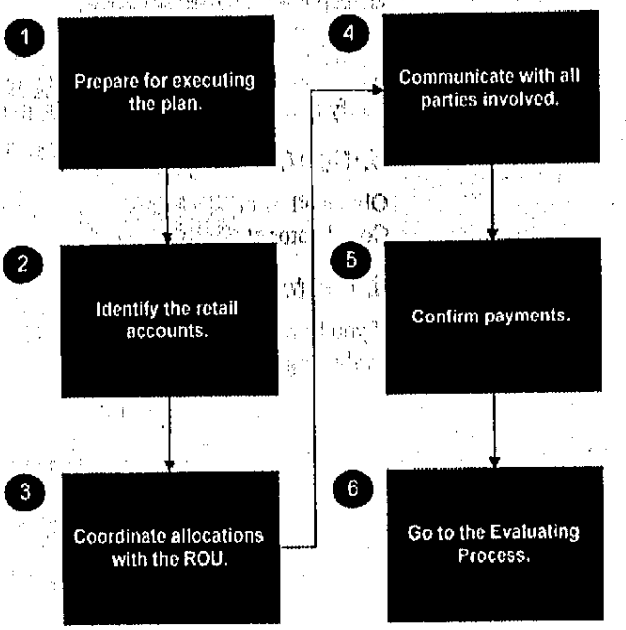
If you must execute additional plans, do so based on these steps. If the plan also includes promotions/co-marketing, continue with the next set of

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

instructions. If not, continue with the next section, *Step 5 — Evaluating Process*.

Executing Process for Promotions/Co-Marketing Plan



1. Prepare for Executing the Plan

As you sell promotions/co-marketing programs to the account, do the following:

1. Determine which promotions or co-marketing programs the account and you decided to work.
2. Complete the required forms, if applicable.
   - *New Item Form(s)* — 1 per brand per state
   - *Shipper Form(s)* — 1 per shipper (SKU)
3. Complete the prebook order forms.

2. Identify the Retail Accounts

Based on the plan's needs, identify the scope of retail accounts that you need to cover.

51856 0769

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

3. Coordinate allocations with the ROU

Transfer the appropriate allocations to the account's supplier through the Promotions Coordinator at the ROU.

4. Communicate with all parties involved

Communicate the promotional plans and the corresponding responsibilities to the wholesaler, to all retail stores involved (who in turn notify their people), and to the RJR field personnel.

5. Confirm Payments

Obtain all of the necessary documentation and send it to the System Coordinator at the ROU. He/she will issue a payment to the account.

6. Go to the Evaluating Process

If you have carried out the plan to the fullest extent possible, go to the Evaluating Process.

51856 0770

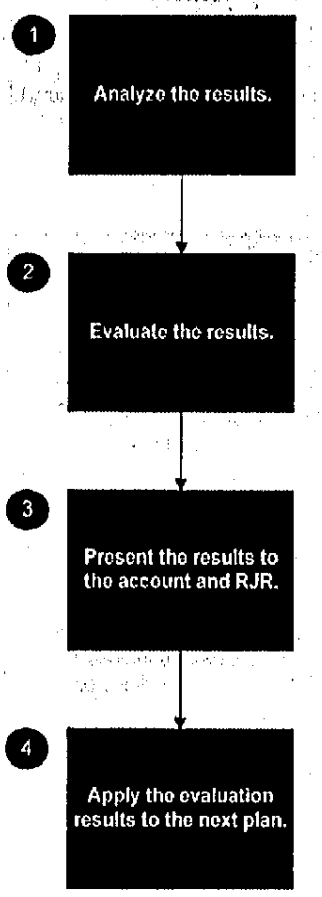
© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Step 5 — Evaluating Process

The Evaluating Process uses the benchmarks and practices established in the Planning Process to evaluate how well the Category Advisor Process met the objectives also set forth in the Planning Process. Therefore, use this process as completely and productively as possible in order to discover areas that need reanalyzing.

Evaluating Process



51856 0771

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

1. Analyze the Results

Note: Remember that the Region Business Manager (RBM) is a great resource to help you evaluate the plan and understand the results.

Analyze the results based on the RJR objectives and account objectives and on the methods determined during the Planning Process.

2. Evaluate the Results

Based on your analysis, determine how effective the plan was and what parts of the Category Advisor Process need to be addressed.

Ask yourself the questions listed on the following page to determine if the results prove the plan to be effective or ineffective and to determine which process you should reanalyze (if any).

51856 0772

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Questions	Answer	Action
1. Have some of the objectives been achieved?	Yes	Go to question 2.
	No	Go to question 3.
2. Were some of the objectives not achieved?	Yes	Go to question 3.
	No	Present your results to the account.
3. Was the Executing Process followed correctly?	Yes	Go to question 4.
	No	Return to the Executing Process.
4. Was the Planning Process followed correctly?	Yes	Go to question 5.
	No	Return to the Planning Process.
5. Was the Analyzing Process followed correctly?	Yes	Go to question 6.
	No	Return to the Analyzing Process.
6. Were there changes in the Marketplace that affected the objectives?	Yes	Go to question 7.
	No	Go to question 8.
7. Would these changes alter objectives?	Yes	Return to the Analyzing Process.
	No	Go to question 8.
8. Was the Discovering Process followed correctly?	Yes	Present the results to the account.
	No	Return to the Discovering Process.

51856 0773

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

3. Present the Results to the Account and RJR

Once you have determined how well the plan fit RJR's and the account's needs, present the results to the account.

The results should include how well the plan met consumer needs/wants. The results may include details on:

- Sales Profits
  - ⇒ Compliance
  - ⇒ Promotional execution
  - ⇒ Cost share

Also, report the results and share best practices with the region office. If necessary, return to any of the processes to rethink the plan.

4. Apply the Evaluation Results to the Next Plan

Based on what you have learned going through this process, continue with your short term plans to meet long term objectives by applying Category Management to your accounts.

51856 0774

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

3: Wholesale Accounts

Introduction

When working with wholesale accounts, managers use Category Management to: (1) show accounts the benefits of using RJR personnel as their Category Advisor and (2) increase profits for both the account and RJR. While the Category Advisor Process is an overall process, there are specific details in that process that pertain to wholesale accounts only. This chapter explains the process as a Category Advisor would apply it to a wholesale account.

Concepts

Category Advisor Process for Wholesale Accounts

The Category Advisor Process begins with the Category Advisor discovering information about the account and analyzing that information to determine better business practices to reach the account's objectives. Then, the Category Advisor recommends those practices. When the account accepts the recommendations, both parties develop and execute a business plan. After the plan is complete, the Category Advisor evaluates how well the business plan met the mutual objectives agreed upon. **The key point of the Category Advisor Process is to complete all of the steps and do a thorough job of creating a business partner rather than simply making a sale.**

51856 0775

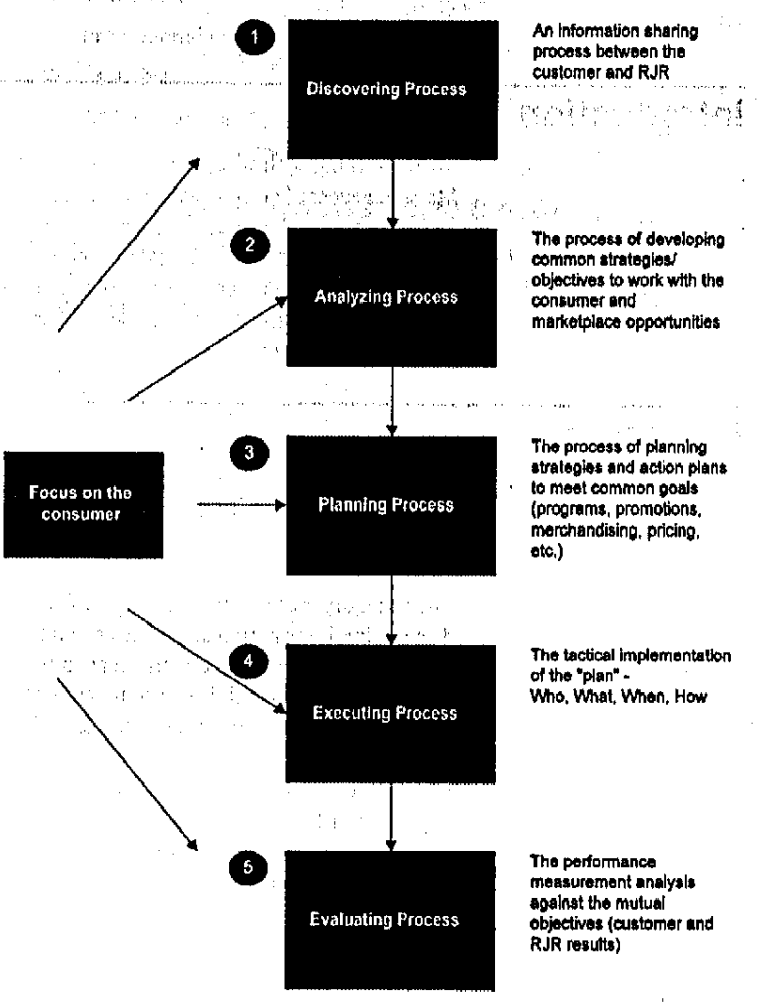
© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Process Overview

Just like the process completed for retail accounts, managers use the same process to become a Category Advisor for wholesale accounts. This Category Advisor Process is displayed below:

Category Advisor Process



51856 0776

© R. J. Reynolds Tobacco Company 1995

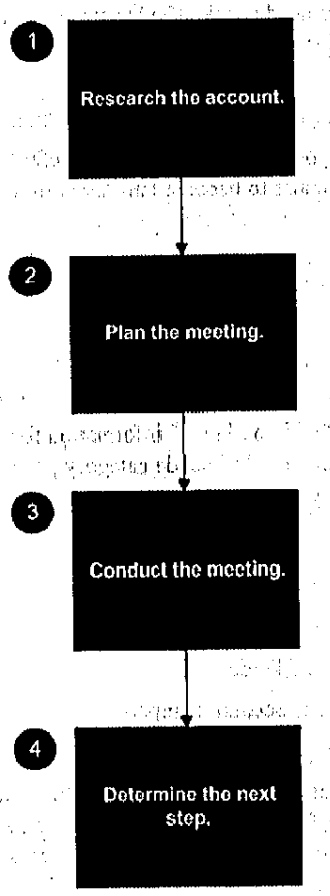
Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Detailed Instructions

Step 1 — Discovering Process

The Discovering Process is the first step of the Category Advisor Process. It is a mental, evaluative process applied by the Category Advisor as a way to mutually share resources with the account. This process helps the Category Advisor obtain specific business information about the account. The Category Advisor then uses this information to develop recommendations and establish common ground for a future business plan.

Discovering Process



51856 0777

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

1. Research the Account

Even before you begin planning the meeting, research the account by doing the following:

- Find out information on the account's infrastructure, the type of brands offered, the volume of cigarettes moved, the number of stores served, and any other information you can discover.
- Work with RJR managers and/or sales reps to discuss business opportunities (what and why).

By doing this preliminary research, you are ready to complete the Discovery Questionnaire (discussed below) and plan the meeting.

2. Plan the Meeting

Before you meet with the account, you need to be aware of the type of questions you need to ask. The Discovery Questionnaire contains questions/information you should learn about the account (see Appendix B).

To prepare for the meeting, do the following:

- Review your preliminary data and refer to the Discovery Questionnaire to become familiar with the questions you need to ask. Complete the questions that you can answer.
- List the unanswered questions in the priority of what you "need to know" and what you would "like to know."

  Note: Do not use this sheet as a questionnaire for the account to complete; instead, use it as a guide for yourself. By doing so, you can conduct this meeting as an interview with a conversational tone.
- Prepare "Did you know" information for the account. This information might include category positioning:

  <u>National Trends</u>

  ⇒ Class of Trade Specific

  ⇒ Comparison of other trade classes

  <u>Marketplace Analysis</u>

  ⇒ Class of Trade

  ⇒ Specific account comparisons

  ⇒ Pricing

Also, be prepared to answer questions about RJR's business process, infrastructure, Retail Total Category Partner, and Merchandising Partner (features and benefits). Remember, the goal is to share resources between RJR and the account.

51856 0778

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Schedule a meeting with the appropriate personnel.

3. Conduct the Meeting

Conduct the meeting as an interview with a conversational tone.

Use the list of unanswered questions from the Discovery Questionnaire to ask the appropriate questions. When you ask the account about specific topics, points, or opinions, rank these in the order of importance to the account. This ranking will help you determine the account's main objectives.

Some of the questions/topics that you should cover are listed in the table on the following page.

51856 0779

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Overall Philosophy

What is your company's mission statement?

What is the Category Philosophy?

What is the category's role in the overall company mission?

Who is the decision maker?

Short Term/Long Term Objectives

How do the following fit into your objectives?

- Volume
- Profit
- Margins
- Manufacturers Incentive Programs
- SKU Management/ Product Mix

Customer Mix/Volume Based/Chain Emphasis

Are you in growth, stable, or declining mode (number of outlets, volume trends, etc.)

Who is the decision maker?

Category Evaluation

How do you measure category success or failure?

What benchmarks do you use to evaluate success or failure?

Customer Philosophy

Are you price/service based?

Are you a full service distributor?

Do you have a sales force or order takers?

What is your customer base/profile?

How many retail accounts do you serve?

What types of accounts (COT) do you serve?

Do you use telemarketing?

Who is the decision maker?

Promotional Philosophy

VAP

Local Programs

Wholesale Operations/ Influence

Industry earnings

RJR Partners Plan

Competitive Plans

Do you have a private label?

How do you feel about private labels?

Organization Structure

What is your decision process?

Is the organization heavily centralized or decentralized?

Who is responsible for attaining goals?

- Subordinates
- Superiors
- Peers

How is the decision maker compensated?

Influences

- Outside/Inside company
- Security Department

Competition

Who are your major competitors?

Who are your competitors overall (same account type or COT) in the market?

What makes these groups or accounts competition for you?

What strengths and weaknesses do you have that affect your competition?

Communications

How does communication flow within your company?

How will you communicate with RJR?

How should RJR communicate with you?

51856 0780

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Emphasize that you are willing and capable to be the Category Advisor. Use the sell sheet to discuss the Category Advisor Process.

If necessary, evaluate how RJR's objectives and the account's objectives are related on a general level. Determine if common ground exists for mutual business growth. This action might include discussing information you gathered in Step 2:

- National Trends
- Marketplace analysis
- Consumer activities
- RJR business process

Note: Remember that this is not a selling opportunity. Make sure you complete the Category Advisor process.

4. Determine the Next Step

If RJR's objectives and the account's objectives relate, continue with the Analyzing Process. If the objectives do not relate, determine the level of Category Management that you should practice.

51856 0781

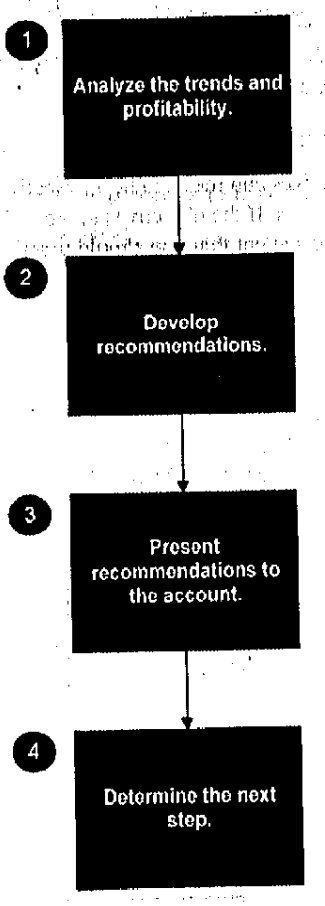
© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Step 2 — Analyzing Process

The Analyzing Process builds on the Discovering Process. The Category Advisor takes the information "discovered," analyzes that information, and formulates recommendations that will target mutual objectives for the account and RJR. In other words, it is the evaluation of the trends, profitability, and competition of the account and its general area.

Analyzing Process



51856 0782

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

1. Analyze the Trends and Profitability

To analyze the trends and profitability for the account, trading area competition, and national trends, do the following:

- Use the information that you discovered and its importance as related to the account's objectives to analyze the trends and profitability for the account, trading area competition, and national trends.
- Develop scenarios from objectives (best case and worst case).
- Analyze results of each scenario (RJR and account effects).

Also, make sure you have analyzed the applicable information listed below:

Wholesale Partners Program	**Marketplace Analysis**
Current earnings by company	Classes of Trade
Promotional support programs	Specific direct account comparison
• VAP	Overall (street) SOM by company
• Competitive programs	Overall (street) SOM by price tier
Future potential/priority	
Account Specific Trends	**Account Profitability**
Average weekly volume RJR/Industry	Current
Share of Market (SOM) by company	Proposed
SOM by price tier and company	What if scenarios
Price tier trends	**Available RJR resources**
Brand specific trends	Allocations
	Potential Recommendations
	Wholesaler objectives

After you have analyzed this information, ask yourself the following questions:

- Are the account's objectives reasonable compared to the marketplace?
- Are the account's objectives compatible with RJR's needs?
- What scenario is best for RJR and the account?

Note: If you answer yes to the first two questions, develop recommendations that present the best scenario for RJR and the account.

51856 0783

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

If you answer no to the first two questions, work with the account and try to alter its objectives for negotiating purposes.

2. Develop Recommendations

Based on the information you researched earlier and the analysis you conducted above, develop a recommendation that targets mutual objectives that benefit the account and RJR.

To make sure that the recommendations are viable, ask yourself the following questions:

- Are appropriate RJR resources available?
- Are recommendations profitable for RJR?

Note: If you answer no to either of the above questions, alter your recommendations until you can answer yes.

Before you present these recommendations to the account, confirm them with your appropriate RJR manager.

3. Present Recommendations to the Account

Once you have developed your recommendations, create the presentation you will give to the account.

4. Determine the Next Step

If the account agrees to the recommendations, continue with the joint Planning Process.

If the account does not agree to the recommendations, evaluate the recommendations, reconsider alternatives (cost, profit, etc.), make the necessary changes, and present them again. If the account agrees to these recommendations, continue with the Planning Process. If the account continues to disagree with the recommendations, determine the level of Category Management you should practice.

51856 0784

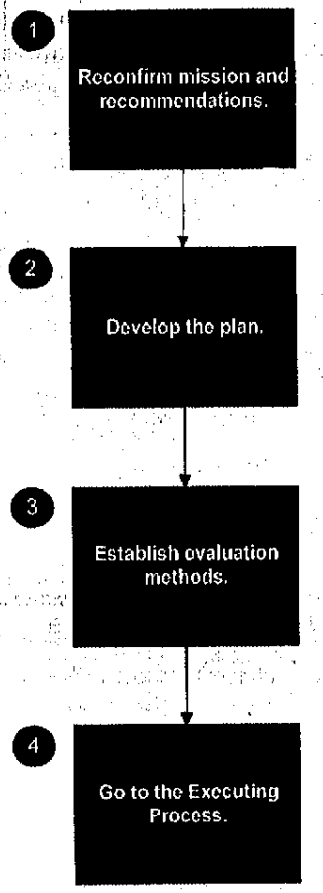
© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Step 3 — Planning Process

The Planning Process brings together the first and second processes. The Category Advisor and the account use the information "discovered" and the resulting "analysis" to develop an inclusive and efficient plan for executing the recommendations. All parties are integral parts to the developing process.

Planning Process



51856 0785

© R. J. Reynolds Tobacco Company 1995

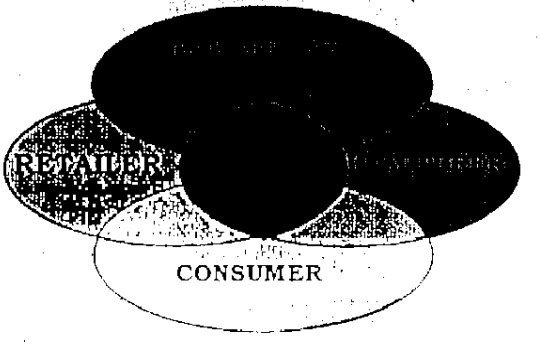
Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

1. Reconfirm Mission and Specific Recommendations

Discuss the agreed upon recommendations at the beginning of the planning meeting to verify the account's knowledge of the plan. Also, reinforce your mutual mission to sell more cigarettes to increase profits and to fulfill smokers' needs.

2. Develop the Plan

Together, develop actions, next steps, and the timetable for the plan. Ensure that all parties involved are in agreement. These parties include the distributor, retailer, manufacturer, and consumer. As the graphic below illustrates, all four parties should have an overlapping interest in the plan. It is this overlapping center that, as a Category Advisor, you are most interested in developing.



Also, list all agreed upon actions, needed resources, and next steps so that all involved understand their time and resource commitments.

Note: Remember, the actions of the Category Advisor are directed toward consumers; the retailer, distributor, and manufacturer are simply enablers to reach those consumers.

51856 0786

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Your plan will probably cover the majority of the following topics:

Specific Opportunities	**Key Support Personnel**
Short term	RJR
Long term	• RSM
	• RBM
Promotions	• ROM/ROU Coordinators
Planning Calendar/RJR and Competition	• KAM
Full Price work plan	• AM
Savings work plan	• DM
Private label accrual	• Home Office
SME	Wholesale account
	• Buyer
Merchandising	• Sales Manager
Private label display and POS	• Key Account Manager
	• Sales Person
Next Steps	• General Manager
Responsibilities	• Owner
• RJR or account personnel	
• Involvement by all parties	
Resource availability	
System to measure progress/feedback	
Communication process	

3. Establish Evaluation Methods

With the account, determine what type of measurement and feedback systems you will use to evaluate how well the plan meets your common objectives.

51856 0787

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Generally, there are two basic methods to evaluate performance:

1. Pre to Post
   - Good for measuring changes over time within the same account(s)
   - Good for looking at the account's business
   - Poor for Category Evaluation - no comparison to other accounts

   Example:

Pre	Post	Difference
10	20	+10

   Note: If using AIM/Delivery Data, use a minimum of 13 weeks' worth of data. Also, if the number of stores is different, use the average store volume.

2. Pre to Post (Test versus Control)
   - Measures True Net Differences between the test account and the control account that can be attributed to the condition that you are evaluating

   Test Panel — Stores that receive treatment or change

   Control Panel — Stores that do not receive treatment or change (they remain constant); this panel should be matched as close as possible to the test panel (i.e., COT/Volume/Geography/etc.)

   Note: If using AIM/Delivery Data, use a minimum of 13 weeks' worth of data. Also, if the number of stores is different, use the average store volume.

Make sure you set realistic benchmarks, ones that are clearly attainable. Again, during this step, you must ensure that all parties involved are in agreement.

4. Go to the Executing Process

Once all parties have been involved in the planning and have agreed to the final plan, go to the Executing Process.

51856 0788

© R. J. Reynolds Tobacco Company 1995

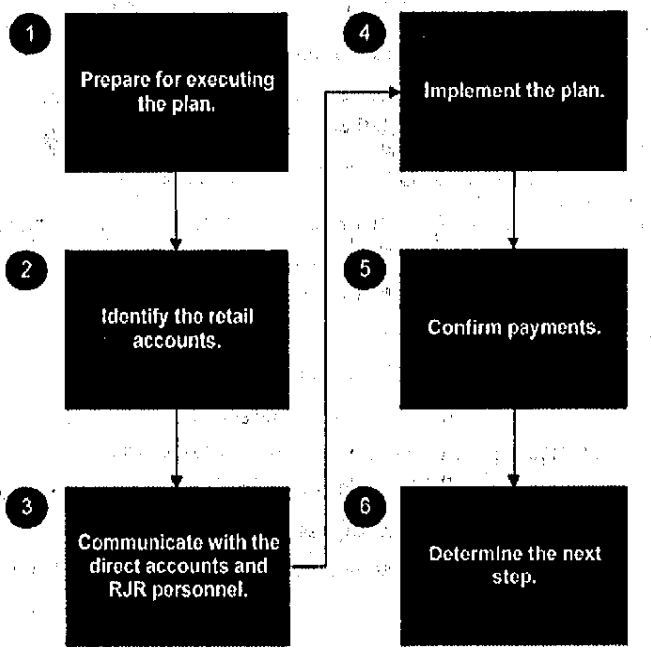
Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Step 4 — Executing Process

The Executing Process details how RJR and the account should carry out the plan that resulted from the previous processes. This process makes the recommendations a reality.

With wholesale accounts, there are numerous plans you could develop and execute. Here are two examples that detail plans you will usually deal with: a SKU management/product distribution plan and a promotional plan. Both types are discussed below.

Executing Process for SKU Management/ Product Distribution Plan



51856 0789

1. Prepare for Executing the Plan

As you sell new brands and distribution programs to the account, do the following:

1. Prepare materials to include a complete Fact Page.
2. Complete the required forms, if applicable.
   - *New Item Form(s)* — 1 per brand per state

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

- *Shipper Form(s)* — 1 per shipper (SKU)

3. Obtain a PO # and call in the orders.
4. Complete forecasting, if applicable.

2. Identify the Retail Accounts

Based on the plan's needs, the direct account and you will identify the scope of retail accounts that you need to cover.

3. Communicate with Accounts and RJR Personnel

Notify the key players at the direct account and the appropriate RJR field personnel (through the ROU).

4. Implement the Plan

1. With the plan, build/enhance VAP.
2. Monitor the plan's progress.
3. Ensure that the direct account arranges packing and shipping to the retail account.

5. Confirm Payments

With the Partners program, do the following to prepare for paying the account:

1. Review the status of the plan.
2. Verify the amount owed.
3. Correct/approve the payment.
4. Forward the necessary backup documentation to the System Coordinator at the ROU. He/she will issue a payment to the account.

With regular temporary display payments for VAP, do the following:

1. Identify the program to be paid.
2. Gather the necessary backup documentation.
3. Forward the necessary backup documentation to the System Coordinator at the ROU. He/she will issue a payment to the account.

6. Determine the Next Step

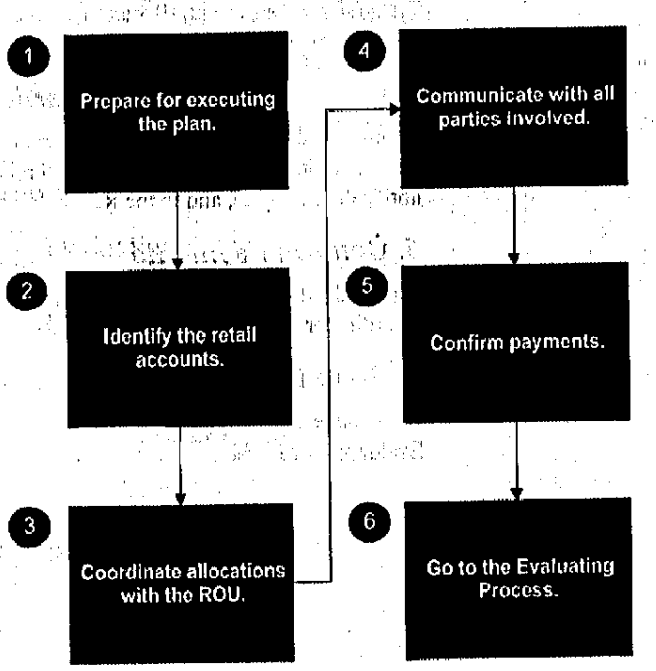
If you must execute additional plans, do so based on these steps. If the plan also includes promotions/co-marketing, continue with the next set of instructions. If not, continue with the next section, *Step 5 — Evaluating Process*.

51856 0790

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Executing Process for Promotions/Co-Marketing Plan



1. Prepare for Executing the Plan

As you sell promotions/co-marketing programs to the account, do the following:

1. Determine which promotions or co-marketing programs the account and you decided to work.
2. Complete the required forms, if applicable.
   - *New Item Form(s)* — 1 per brand per state
   - *Shipper Form(s)* — 1 per shipper (SKU)
3. Obtain a PO # and call in the orders.
4. Develop the prebook order forms.

2. Identify the Retail Accounts

Based on the plan's needs, identify (with the direct account) the scope of retail accounts that you need to cover.

51856 0791

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

3. Coordinate allocations with the ROU

Transfer the appropriate allocations to the account through the Promotions Coordinator at the ROU.

4. Communicate with all parties involved

Communicate the promotional plans and the corresponding responsibilities to the wholesaler, to all retail stores involved (who in turn notify their people), and to the RJR field personnel.

5. Confirm Payments

Obtain all of the necessary documentation and send it to the System Coordinator at the ROU. He/she will issue a payment to the account.

6. Go to the *Evaluating Process*

If you have carried out the plan to the fullest extent possible, go to the Evaluating Process.

51856 0792

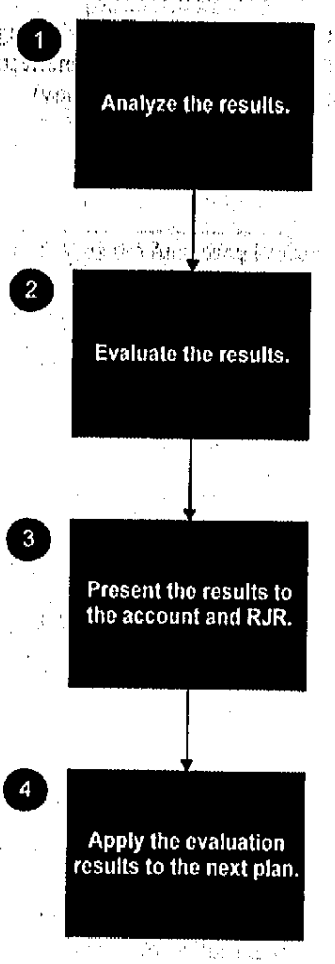
© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Step 5 — Evaluating Process

The Evaluating Process uses the benchmarks and practices established in the Planning Process to evaluate how well the Category Advisor Process met the objectives also set forth in the Planning Process. Therefore, use this process as completely and productively as possible in order to discover areas that need reanalyzing.

Evaluating Process



51856 0793

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

1. Analyze the Results

Note: Remember that the Region Business Manager (RBM) is a great resource to help you analyze and understand the plan's results.

Analyze the results based on the RJR objectives and account objectives and on the methods determined during the Planning Process.

2. Evaluate the Results

Based on your analysis, determine how effective the plan was and what parts of the Category Advisor Process need to be addressed.

Ask yourself the questions on the following page to determine if the results prove the plan to be effective or ineffective and to determine which process you should reanalyze (if any).

51856 0794

© R. J. Reynolds Tobacco Company 1995

Questions	Answer	Action
1. Have some of the objectives been achieved?	Yes	Go to question 2.
	No	Go to question 3.
2. Were some of the objectives not achieved?	Yes	Go to question 3.
	No	Present your results to the account.
3. Was the Executing Process followed correctly?	Yes	Go to question 4.
	No	Return to the Executing Process.
4. Was the Planning Process followed correctly?	Yes	Go to question 5.
	No	Return to the Planning Process.
5. Was the Analyzing Process followed correctly?	Yes	Go to question 6.
	No	Return to the Analyzing Process.
6. Were there changes in the Marketplace that affected the objectives?	Yes	Go to question 7.
	No	Go to question 8.
7. Would these changes alter objectives?	Yes	Return to the Analyzing Process.
	No	Go to question 8.
8. Was the Discovering Process followed correctly?	Yes	Present the results to the account.
	No	Return to the Discovering Process.

3. Present the Results to the Account and RJR

Once you have determined how well the plan fit RJR's and the account's needs, present the results to the account.

The results should include how well the plan met consumer needs/wants. The results may include details on:

- Sales/Profits
- Promotional Execution

51856 0795

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

- Partners Program Performance
  - ⇒ Data to RJR (accurately/timely)
  - ⇒ Return goods
  - ⇒ RJR brand distribution
  - ⇒ Share performance
  - ⇒ Program payments

Also, report the results and share best practices with the region office. If necessary, return to any of the processes to rethink the plan.

4. Apply the Evaluation Results to the Next Plan

Based on what you have learned going through this process, continue with your short term plans to meet long term objectives by applying Category Management to your accounts.

51856 0796

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

4: Direct Chain Accounts

Introduction

When working with direct chain accounts, RJR personnel use Category Management to: (1) show accounts the benefits of using RJR personnel as their Category Advisor and (2) increase profits for both the account and RJR. While the Category Advisor Process is an overall process, there are specific details in that process that pertain to direct chain accounts only. This chapter explains the process as a Category Advisor would apply it to a direct chain account.

Concepts

Category Advisor Process for Direct Chain Accounts

The Category Advisor Process begins with the Category Advisor discovering information about the account and analyzing that information to determine better business practices to reach the account's objectives. Then, the Category Advisor recommends those practices. When the account accepts the recommendations, both parties develop and execute a business plan. After the plan is executed, the Category Advisor evaluates how well the business plan met the mutual objectives agreed upon. **The key point of the Category Advisor Process is to complete all of the steps and do a thorough job of creating a business partner rather than simply making a sale.**

51856 0797

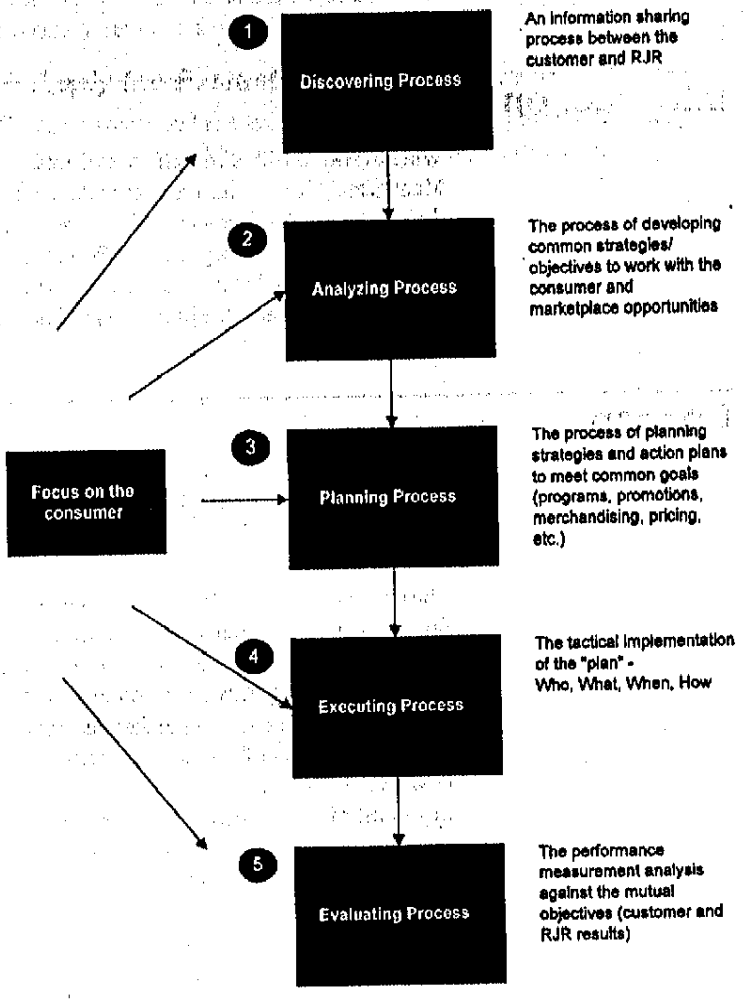
© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Process Overview

Just like the process completed for retail and wholesaler accounts, managers use the same process to become a Category Advisor for direct chain accounts. This Category Advisor Process is displayed below:

Category Advisor Process



51856 0798

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Detailed Instructions

Because direct chain accounts are similar to a retail account and a wholesale account combined, simply apply the Category Advisor Process to the retail and wholesale sides as it relates, while keeping in mind the chain's overall success. When doing this, ensure that the retail and wholesale sides have similar end goals so that their business plans do not conflict.

Also, remember that you can evaluate the Category Advisor Process as it relates to the direct chain, rather than how it relates to the retail and wholesale sides individually, if the account would like to see those results.

51856 0799

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Appendix A: Tools to Use

Note: This list is a reference of the tools you can use during the Category Advisor Process. It is not necessary to use all of the tools listed for each process. The shaded areas indicate the step(s) in the Category Advisor Process in which each tool could be used.

The listing below corresponds with the RJR CatPro Toolkit Menu.

Tools Available to Category Advisor

			Category Advisor Process				
Tool	**Tool Definition**	**Data Source**	Discovering	Analyzing	Planning	Executing	Evaluating
Category Analysis	CatPro Toolkit application that compares two time periods of retail sales data for a given chain or account grouping.	Account provided reports					
Category Analysis Summary (AIM Download)	CatPro Toolkit application for developing AIM 185 reports in presentation format (with graphs) summarized into EXCEL.	AIM function 185					
Space Tech	Automated plan-o-gram application for carton fixtures.	N/A					

51856 0800

© R. J. Reynolds Tobacco Company 1995

Tool	Tool Definition	Data Source	Discovering	Analyzing	Planning	Executing	Evaluating
Quick Pog	Quick plan-o-gram application requiring some manual calculations and entries. Three page presentation output; includes carton and pack Pogs.	AIM function 185/ Account provided data					
C-Store Pog	C-store plan-o-gram program graphically representing floor space, counters, displays, etc.	N/A					
SuperMkt Pog	Graphically represents floor space including checklanes, gondolas, fixtures, displays, etc. in a supermarket.	N/A					
Wholesale Partners Plan A (PTRAK)	Application to track monthly direct account performance against RJR wholesale partners program. Five-page output, including graphics.	AIM function T06					
Wholesale Partners Plan B	Application for partners wholesale program and all enrollment/ Plan B tracking/ evaluation forms.	N/A					
Partners (Retail)	Excel application for account/chain specific retail partners program calculating new contract proposals.	SIS					

51856 0801

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/xkhn0000

Tool	Tool Definition	Data Source	Discovering	Analyzing	Planning	Executing	Evaluating
Contract Planning (Budget)	Application provides access to worksheets designed to plan merchandising budget allocations at four sales levels.	SIS/ Sales Level Budget					
Retail Partners (Calendar)	Quarterly planning calendar to plan RJR promotion and sales activities with retailers and chains.	Work Plan					
Wholesale Profitability Analysis (WPA)	Application that analyzes a direct account's potential earnings from all manufacturers' incentive programs. Includes direct account profit analysis (DAPA) and market price decline (MPD).	AIM function 185/ Account provided data					
Corporate Rollup for WPA (ROLLW)	Application to roll up multiple "ship-to" points' WPA files.	Existing WPA files					
Retail Profit Analysis (RPA)	Application that determines retail profitability with various "what if" scenarios.	AIM function 185/ TPS/ SIS					
Corporate Rollup for RPA (ROLLR)	Application to roll up multiple retail branches' RPA files.	Existing RPA files					
Penny Profit	Scenarios to encourage retailers to earn the same profit margin (stated in dollars) across all categories.	AIM/ Account provided data					

51856 0802

© R. J. Reynolds Tobacco Company 1995

Provided by www.industrydocuments.ucsf.edu/docs/rkhn0000

Tool	Tool Definition	Data Source	Discovering	Analyzing	Planning	Executing	Evaluating
Direct Chain Profitability Summary (DCPS)	Application that pulls information together for a direct chain analysis.	WPA and RPA files					
Wholesale/ Retail Profit Summary (WRPS)	A direct chain report that provides an Industry Profitability Summary for the total category combined and by manufacturer.	SIS/ TPS					
Category Profitability (CatProfit)	Retail profitability application (gross/net) with ability to do what-if scenarios, multiple price zones, pilferage sensitivity analysis, etc. in presentation format.	AIM/ Account provided data					
RJR Profitability (RJRPRO)	"Confidential" RJR profit analysis/decision support worksheet that views profitability from the RJR perspective.	AIM/ TPS/ SIS					
Space Management (Under Development)	A series of tools that allows you to design carton or pack Pogs for presentation purposes (payments can be included)	AIM					
V-Trend (Under Development)	Application produces analyzation/ evaluation output with trend line graphs relative to RJR objectives.	AIM function Volume Trending					

51056 0003

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

CAPS	Computer assisted presentation system that provides Field Sales with a quick and easy way to create professional customer specific presentations. Also includes national industry trends.	Account specific data, as required					

51856 0804

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Appendix B: Discovery Questionnaire

Retail Accounts

Overall Philosophy

1. What is your company's mission statement?
2. What is the Category Philosophy?
3. What do you see included in the overall category?
4. What is the category's role in the overall company mission?
5. Who is the decision maker?

Short Term/Long Term Objectives

1. How do the following items fit into your objectives?
   - Volume
   - Profit
   - Margins
   - Retail Display Allowance (RDA)
   - SKU Management/Product Mix
2. Are you in growth, stable, or declining mode (number of outlets, volume trends, etc.)?
3. What is your customer base/profile?
4. Why do you carry cigarettes?
   - Customer Convenience
   - Profit Center
   - Competitive Need

51856 0805

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

5. Who is the decision maker?

Category Evaluation

1. How do you measure category success or failure?
2. What benchmarks do you use to evaluate success or failure?

Merchandising Philosophy

1. Are you self service or non self service?
2. Is there any local legislation that affects this decision?
3. How do you determine your merchandisers? (limited versus impact display presence)
4. Does the store have a particular "theme" it uses that determines what displays you use?
5. Who is the decision maker?

Retail Operations/Influence

1. How do the following items fit into your operations?
   - Displays
   - Merchandisers
   - Space management
2. What are your current contracts?
3. Do you have a private label?
4. How do you feel about private labels?
5. Who is the decision maker?

Organization Structure

1. What is your decision process?
2. Is the decision maker in staff or a line manager?
3. Is the organization heavily centralized or decentralized?
4. Who is responsible for attaining goals?
   - Subordinates
   - Superiors
   - Peers
5. How is the decision maker compensated?
6. What influences affect your organization?

51856 0806

 © R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

- Outside/inside the organization
- Security Department

Promotional Philosophy

1. Do you support the following promotion types?
   - Premiums
   - BSGSFs
   - Discounts
   - Value Added
   - Carton, Pack, or Multipack

Competition

1. Who are your major competitors?
2. Who are your major competitors overall (same store type or COT) in the market?
3. What makes these groups or stores competition for you?
4. What strengths and weaknesses do you have that affect the competition?

Suppliers/Manufacturers

1. Who is your primary supplier?
2. Do you prefer a particular supplier or manufacturer?
3. Why?
4. Do you use any secondary suppliers?
5. Who are your secondary suppliers?
6. Why?

Communications

1. How does communication flow within your company?
2. How will you communicate with RJR?
3. How should RJR communicate with you?

51856 0807

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Wholesale Accounts

Overall Philosophy

1. What is your company's mission statement?
2. What is the Category Philosophy?
3. What is the category's role in the overall company mission?
4. Who is the decision maker?

Short Term/Long Term Objectives

1. How do the following items fit into your objectives?
   - Volume
   - Profit
   - Margins
   - Manufacturers Incentive Programs
   - SKU Management/Product Mix
2. Are you in growth, stable, or declining mode (number of outlets, volume trends, etc.)?
3. What is your customer mix?
4. Are you volume based?
5. Do you put an emphasis on chains?
6. Do you plan to maintain or expand your trading area?
7. Who is the decision maker?

Category Evaluation

1. How do you measure category success or failure?
2. What benchmarks do you use to evaluate success or failure?

Customer Philosophy

1. Are you price based or service based?
2. Are you a full service distributor?
3. Do you have a sales force or order takers?
4. What is your customer base/profile?
5. How many retail accounts do you serve?

51856 0808

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/nkhh0000

6. What types of accounts (COT) do you serve?
7. Do you use telemarketing?
8. Who is the decision maker?

Promotional Philosophy

1. Do you support the following programs?
   - VAP
   - Local Programs

Wholesale Operations/Influence

1. How do the following items fit into your operations?
   - Industry earnings
   - RJR Partners Plan
   - Competitive Plans
2. Do you have a private label?
3. How do you feel about private labels?
4. Who is the decision maker?

Organization Structure

1. What is your decision process?
2. Is the organization heavily centralized or decentralized?
3. Who is responsible for obtaining goals?
   - Subordinates
   - Superiors
   - Peers
4. How is the decision maker compensated?
5. What influences affect your organization?
   - Outside/inside the organization
   - Security Department

51856 0809

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000

Competition

1. Who are your major competitors?
2. Who are your major competitors overall (same store type or COT) in the market?
3. What makes these groups or stores competition for you?
4. What strengths and weaknesses do you have that affect the competition?

Communications

1. How does communication flow within your company?
2. How will you communicate with RJR?
3. How should RJR communicate with you?

51856 0810

© R. J. Reynolds Tobacco Company 1995

Source: https://www.industrydocuments.ucsf.edu/docs/rkhn0000